



**Health Services**  
LOS ANGELES COUNTY

February 5, 2007

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TO: Each Supervisor

FROM: Bruce A. Chernof, M.D.  
Director and Chief Medical Officer

SUBJECT: **ASSEMBLY BILL (AB) 744 HOSPITALS: FAIR PRICING  
POLICIES**

This is to provide you with an update regarding AB 774, also known as Charity Care, which was enacted during the last legislative session and became effective January 1, 2007 for California hospitals and hospital based clinics.

To assist California hospitals in implementing the provisions of AB 774, California Hospital Association (CHA) contracted with Hooper Lundy & Bookman to prepare legal guidance. Hooper Lundy & Bookman provided its best reading of the provisions but pointed out other possible interpretations. CHA suggested members consult with their own legal counsels to assess the risks of the approaches considered.

With the assistance of County Counsel, the Department has conducted a preliminary review of current programs, policies and financial practices to evaluate compliance with AB 774. We have concluded that Department of Health Services (DHS) Policy and Financial Practice, Policy 515.01 entitled Principles and Guidelines for Assisting Uninsured Patients, addresses many of the AB 774 requirements. However, to comply fully with AB 774, DHS will need to implement additional policies and revise others.

County Counsel has confirmed the Department's understanding that Ability-To-Pay (ATP) and Outpatient Reduced-Cost Simplified Application (ORSA) meet most of the AB 774 requirements on charity care and discount policies. We are working with County Counsel to determine what changes are needed to DHS Policies and Financial Practices. We will be working with facility Patient Financial Services (PFS) and Patient Accounts (PA) representatives over the next several months to make necessary modifications to policy, financial practices and other documents as necessary. By January 1, 2008, hospitals must provide the Office of Statewide Health Planning and Development (OSHPD) with copies of their discount and charity care policies, as well as related information, and DHS anticipates having compliant policies well before that time.

Hospital PFS and PA staff have been directed to advise any patient who inquires about AB 774 that ATP and ORSA are the DHS Charity Care and Discount Payment programs.

If you or your staff should have any questions, please contact Larry Gatton at (213) 240-8366.

BAC:mj (R:GATTONAB774.2-5-07)

c: Chief Administrative Office  
County Counsel  
Executive Officer, Board of Supervisors

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